3Q23 EARNINGS
CONFERENCE CALL

PagueMenos extrafarma

Disclaimer

This document may contain certain forward-looking statements and information related to the Company reflecting current views and/or expectations of the Company and its Management concerning its performance, businesses and future events. Forward-looking statements include, without limitation, any statement that has a forecast, indication or estimates and projections of future results, performance or objectives, as well as words such as "we believe", "we anticipate", "we expect", "we estimate", "we project", among other words with similar meaning. Although the Company and its management believe that such forward-looking estimates and statements are based on reasonable assumptions, they are subject to risks, uncertainties and future events and are issued in the light of information that is currently available. Any forward-looking statements refer only to the date on which they were issued, and the Company is not responsible for updating or revising them publicly after the distribution of this document due to new information, future events or other factors. Investors should be aware that a number of important factors cause actual results to differ materially from such plans, objectives, expectations, projections and intentions as expressed in this document.

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Market and certain competitive position information, including market projections mentioned herein were obtained from in-house surveys, market research, public information and business publications. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we do not independently verify market position, growth rate, competitive position or any other data provided by third parties or other industry publications. The Company is not responsible for the accuracy of such information.

Certain percentages and other amounts included in this document have been rounded up to facilitate their presentation. The scales of the graphs of the results can appear in different proportions, to optimize the demonstration. Accordingly, the numbers and graphs presented may not represent the arithmetic sum and the appropriate scale of the numbers that precede them, and may differ from those presented in the financial statements.

Since 2019 our financial Statements have been prepared in accordance with IFRS 16, which changed the criteria for the recognition of rental contracts. To better represent the economic reality of the business, the numbers in this presentation are presented under the previous standard, IAS 17 / CPC 06. Reconciliation to IFRS 16 can be found in a dedicated section of our Earnings Release.

3Q23 Results

Luiz Novais, CFO

3Q23 Highlights

Positive combination of strong EBITDA growth, cash flow from operations and market share increase

TOP-LINE GROWTH
16.1% consolidated growth
(11.5% on Pague Menos standalone)

EBITDA EXPANSION
41.4% consolidated growth
(16.4% on Pague Menos standalone)

STRONG CASH GENERATION
R$ 176.8 million cash flow from operations (+62.4% vs 3Q22)

MARKET SHARE
Organic growth above the market, for the 3rd consecutive quarter

EXTRAFARMA SYNERGIES
R$ 28.2 million on 3Q23
(R$ 113 million on annual basis)

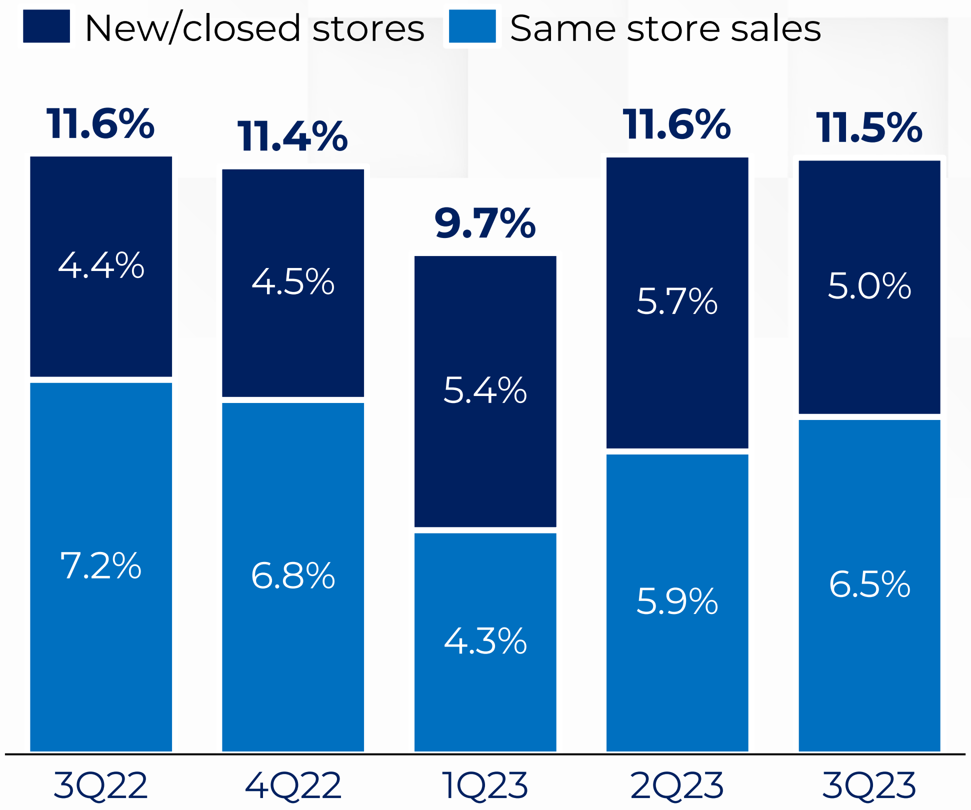
FINANCIAL LEVERAGE
2.4x Net Debt / EBITDA ratio
(reduction of 0.7x vs 2Q23)

Pague Menos Top Line

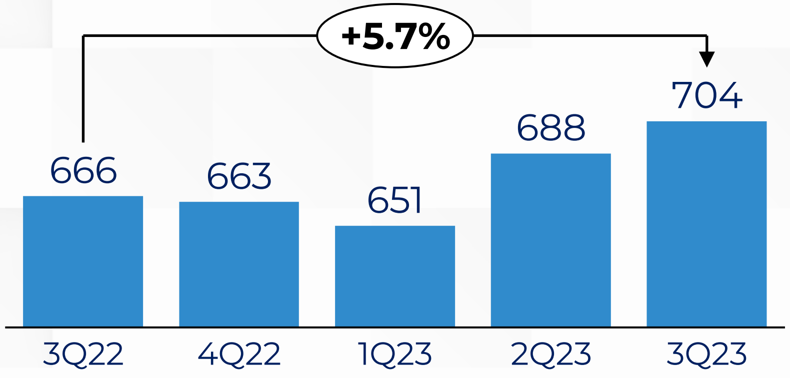
SSS acceleration and good maturation curve evolution on new stores

PagueMenos extrafarma

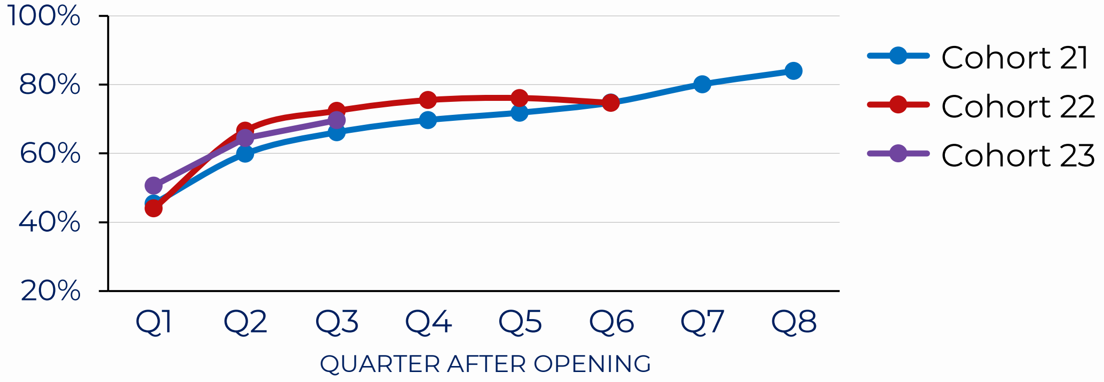
TOTAL GROWTH
(variation %)



MONTHLY AVERAGE SALES – MATURE STORES
(R$ thousand)

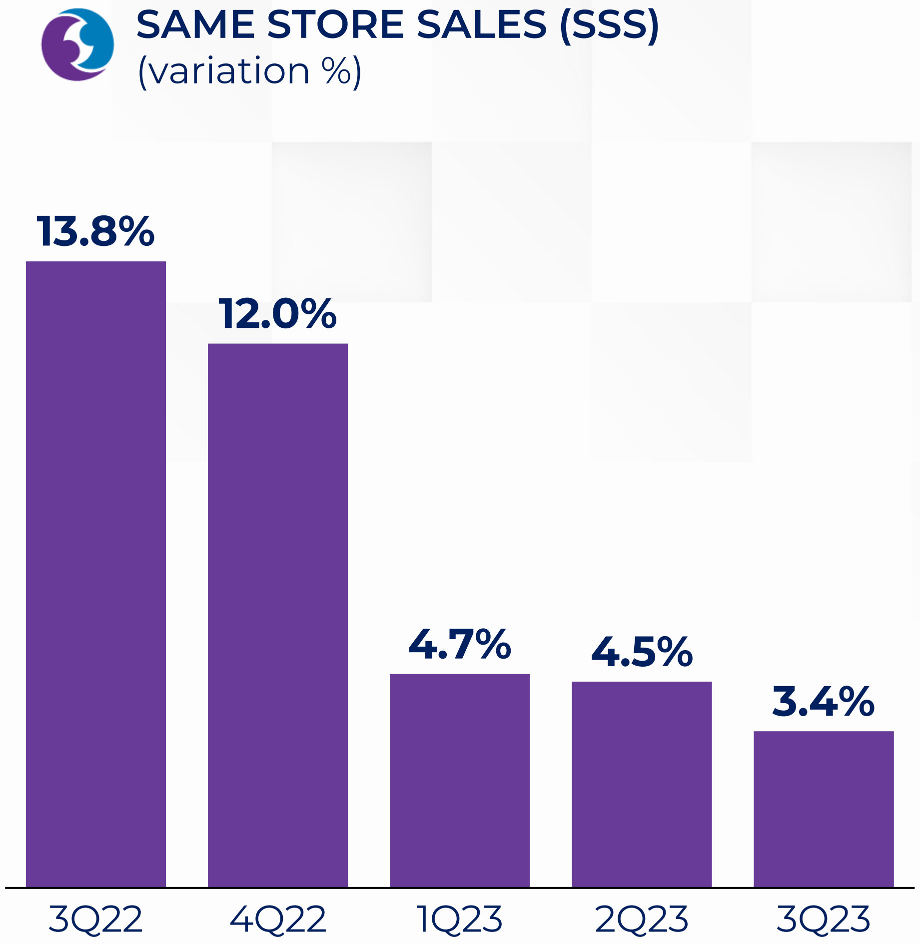


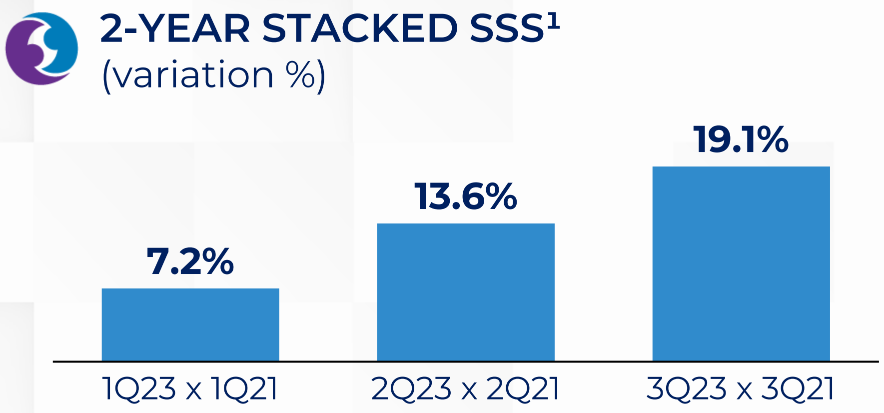
NEW STORES MATURATION CURVE
(% of potential sales at maturity)

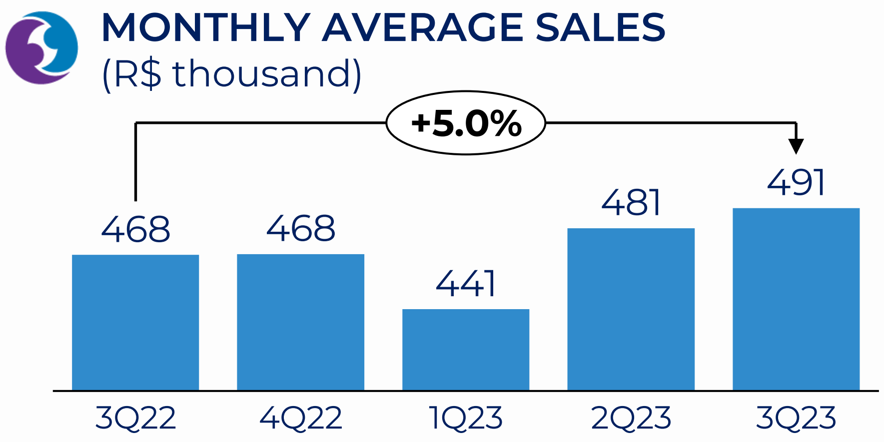


Extrafarma Top Line

SSS deceleration due to tough comps





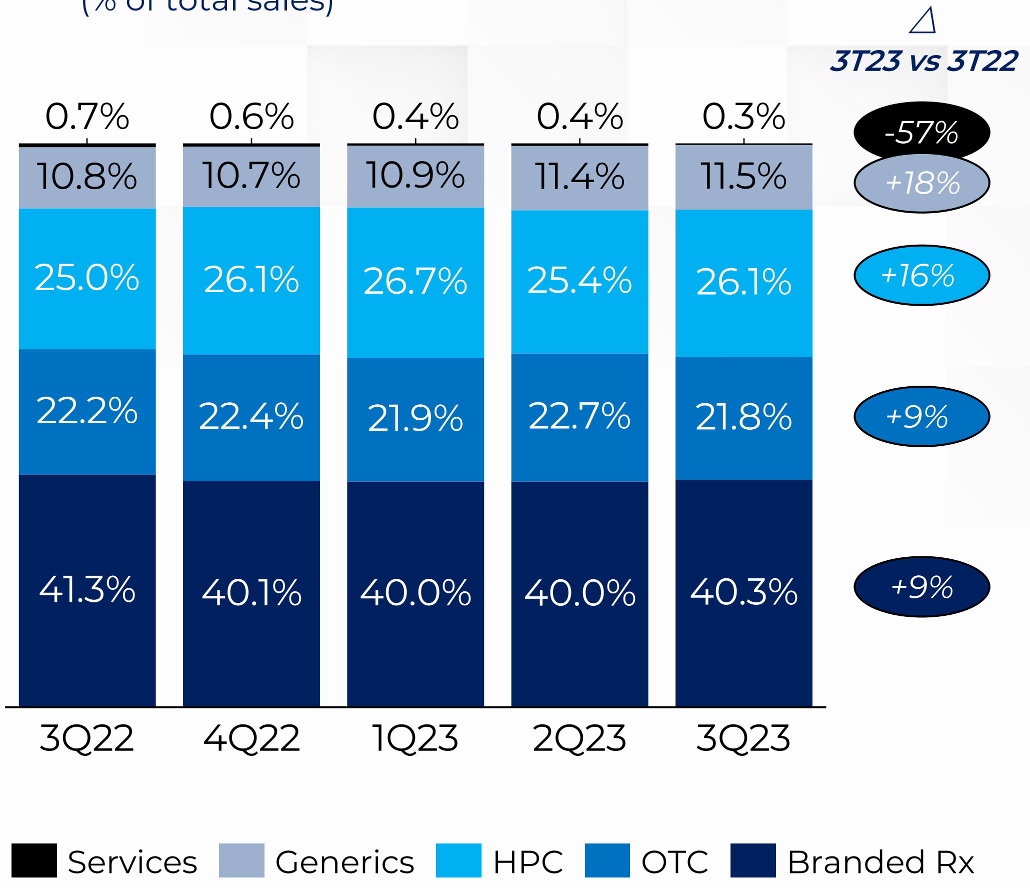


[1] Considers the 364 Extrafarma stores opened by the end of 3Q23

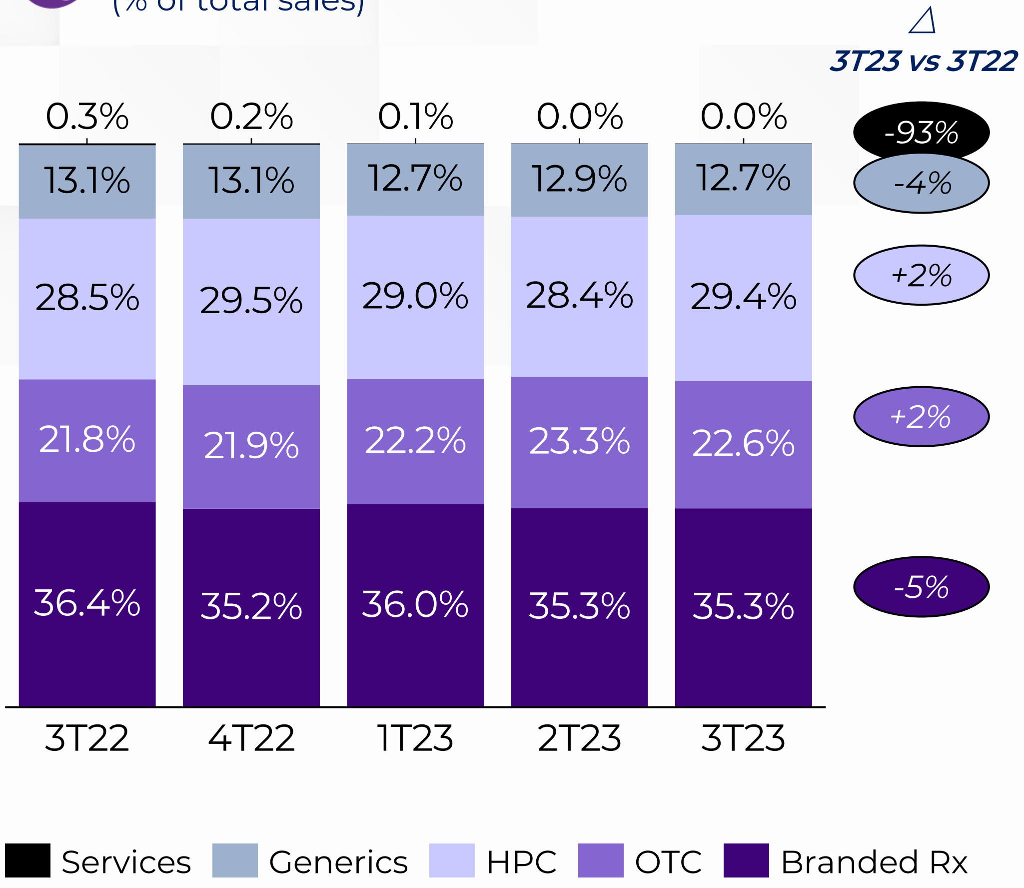
Sales Mix

Accelerated growth in generics and health & personal care in Pague Menos

PAGUE MENOS
(% of total sales)



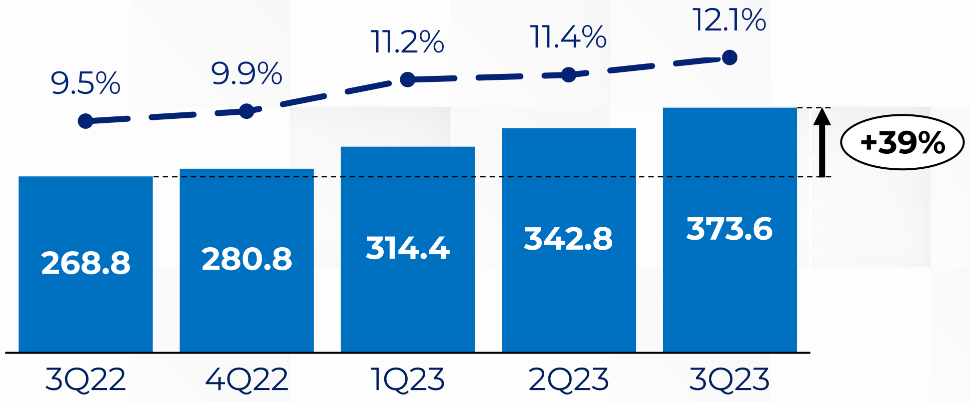
EXTRAFARMA
(% of total sales)



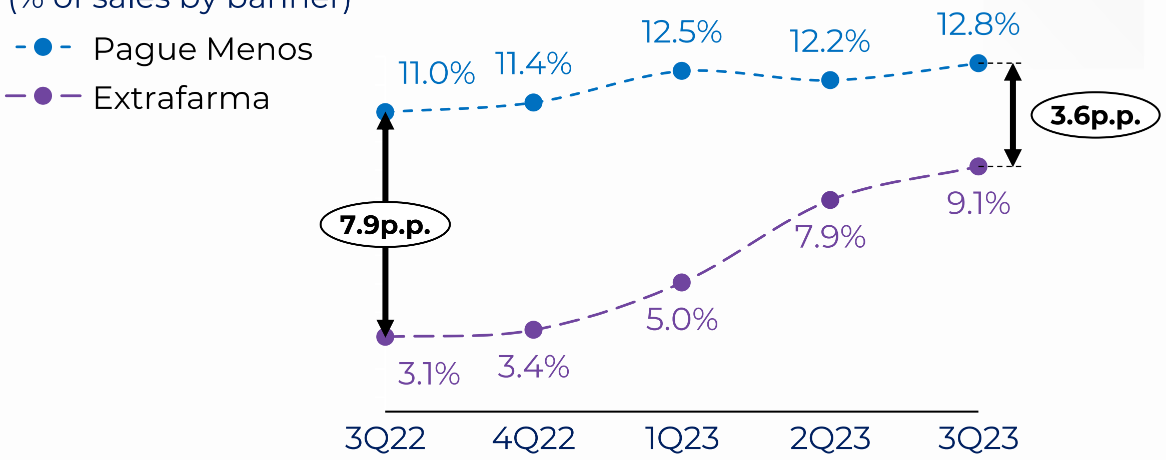
Digital Channels

Strong growth pace, balancing good channel diversification and delivery efficiency

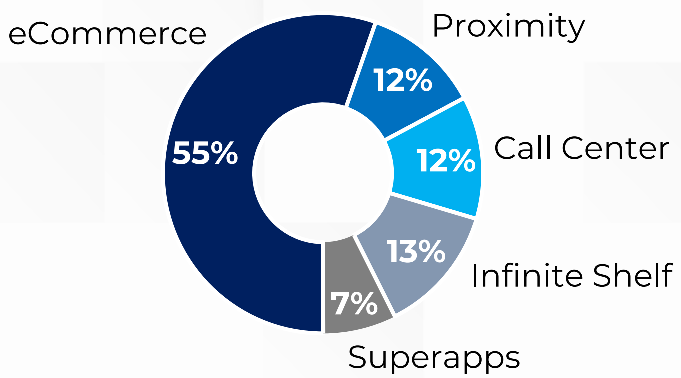
DIGITAL CHANNELS SALES
(R$ million and % of total sales)



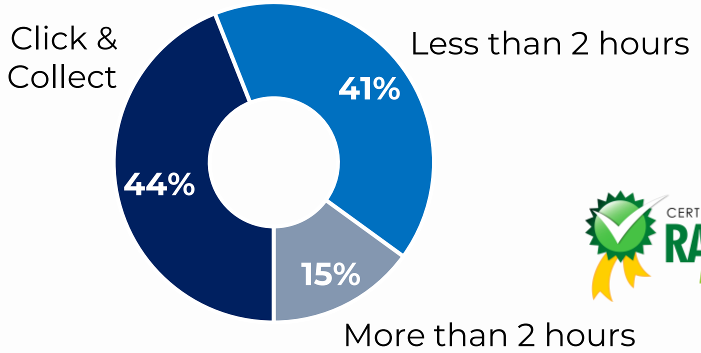
DIGITAL CHANNELS SHARE
(% of sales by banner)



DIGITAL CHANNELS MIX
(% of omnichannel) sales



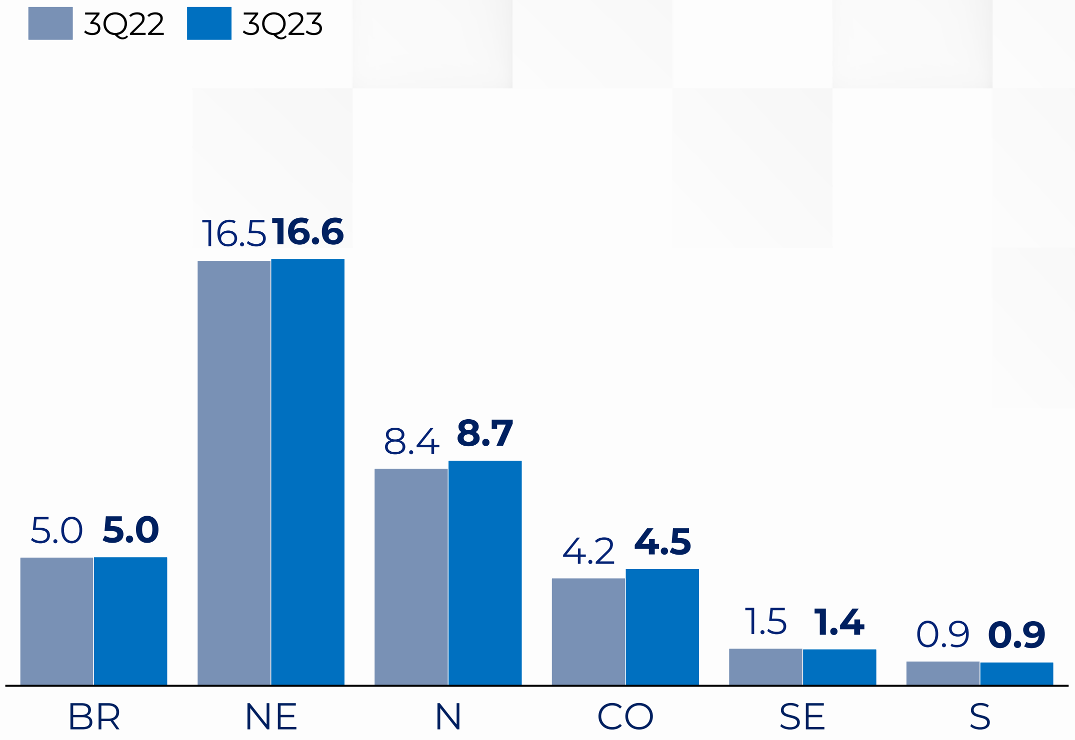
DELIVERY MIX
(% omnichannel orders)



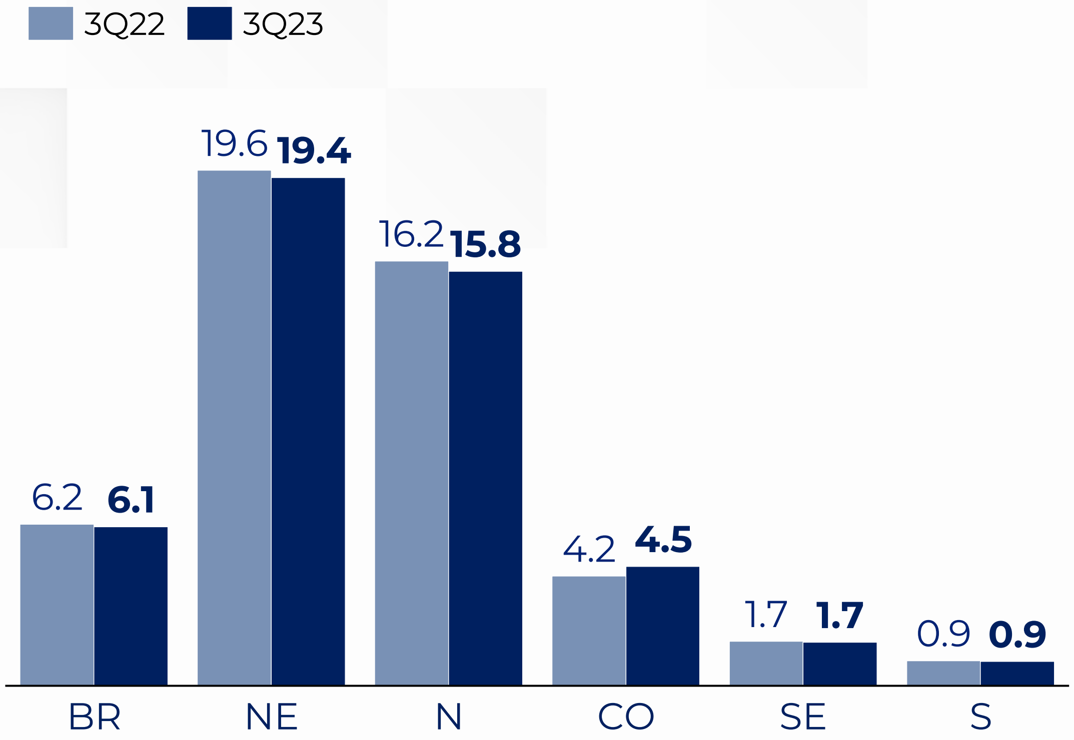
Market Share

Organic growth above the market; consolidated share loss due to the Extrafarma footprint optimization

SHARE BY REGION[1] - STANDALONE
(% of total market)



SHARE BY REGION[2] - CONSOLIDATED
(% of total market)

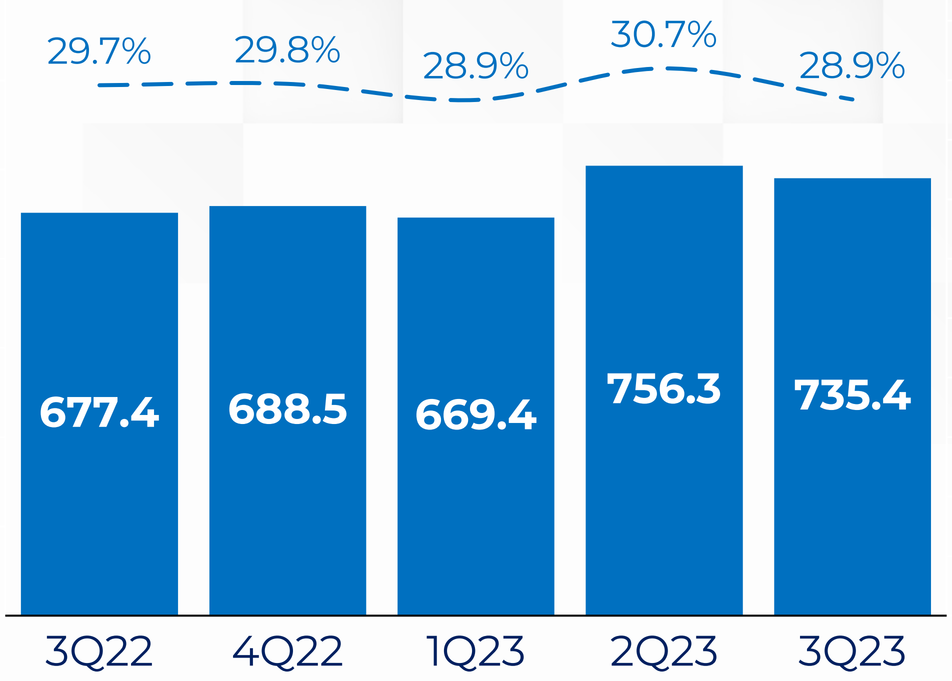


Source: IQVIA

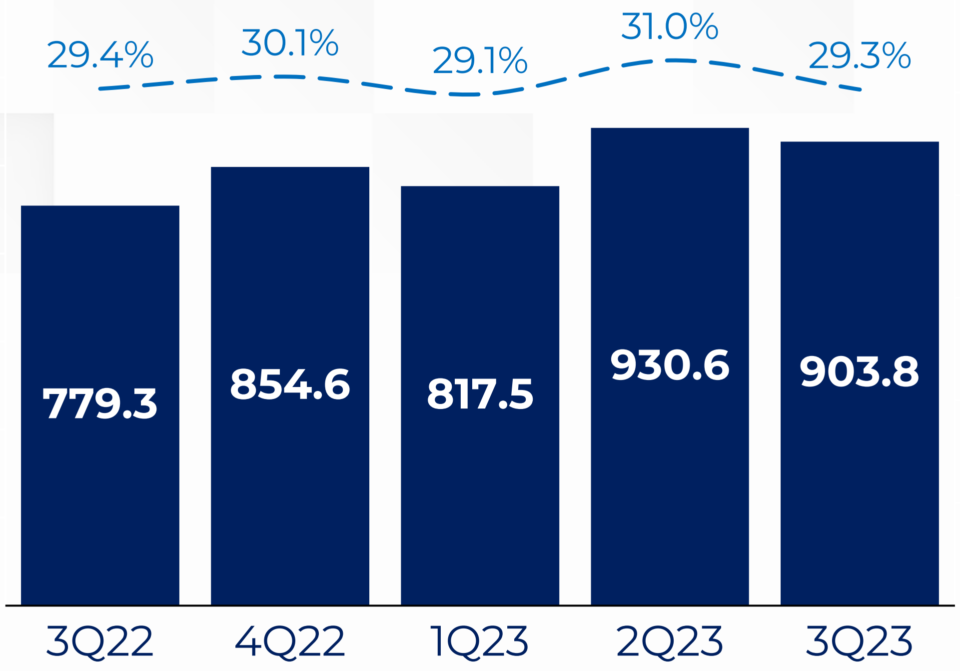
Gross Profit

Margin reduction in Pague Menos, due to lower inflationary gains, offset by margin expansion in Extrafarma in the consolidated figures

STANDALONE GROSS PROFIT
(BRL million and % Gross Revenue)



CONSOLIDATED GROSS PROFIT
(BRL million and % Gross Revenue)

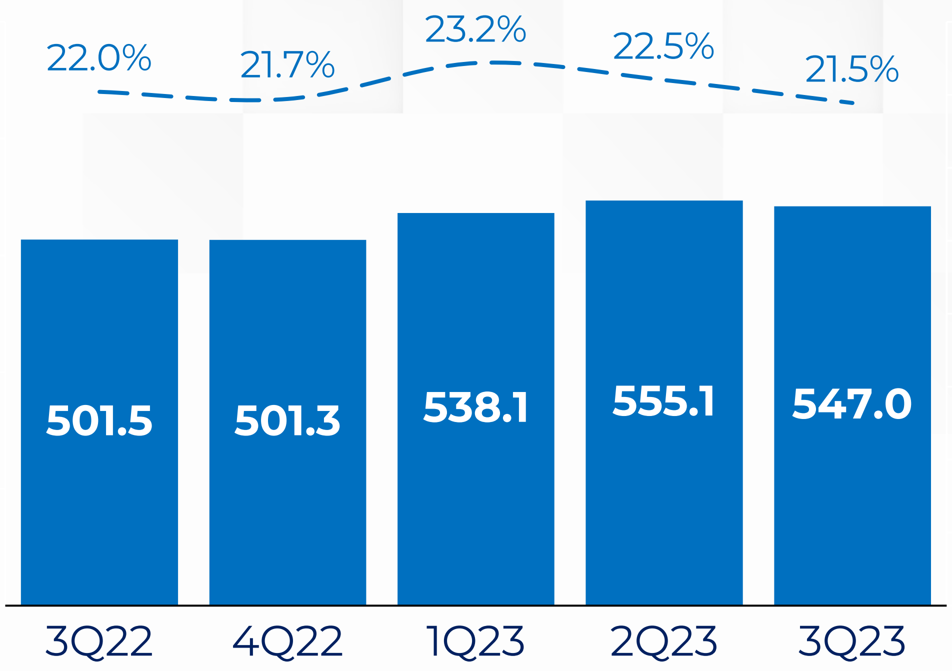


Consolidated data include Extrafarma results from August 2022 onwards.

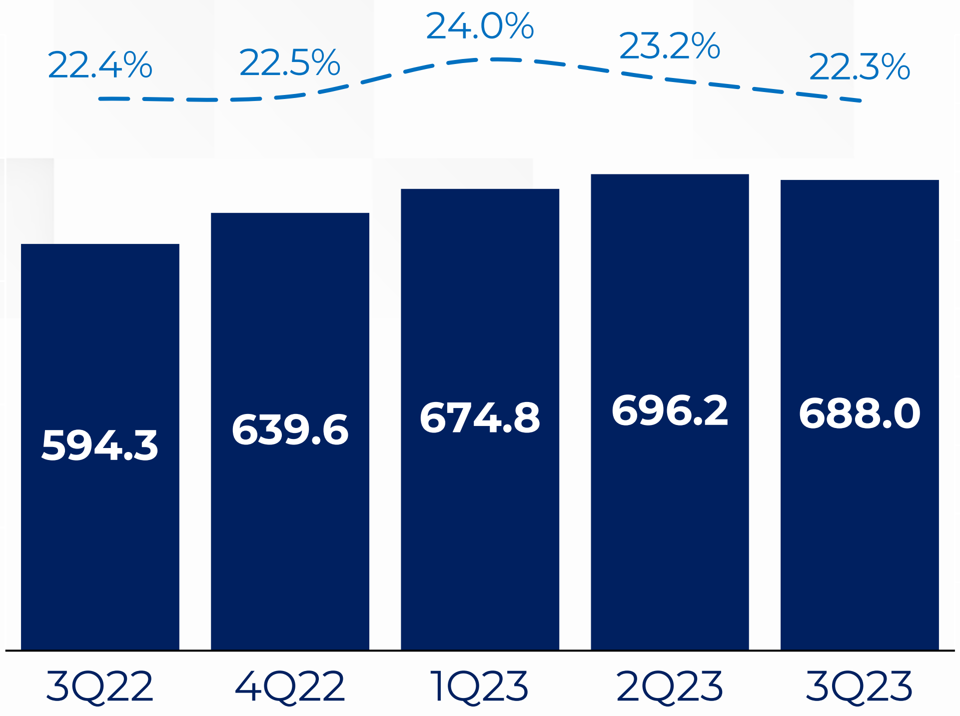
Selling Expenses

Significant expense reduction in Pague Menos, through cost control, positive inflation dynamics, and the maturation of new stores

STANDALONE SELLING EXPENSES
(BRL million and % Gross Revenue)



CONSOLIDATED SELLING EXPENSES
(BRL million and % Gross Revenue)

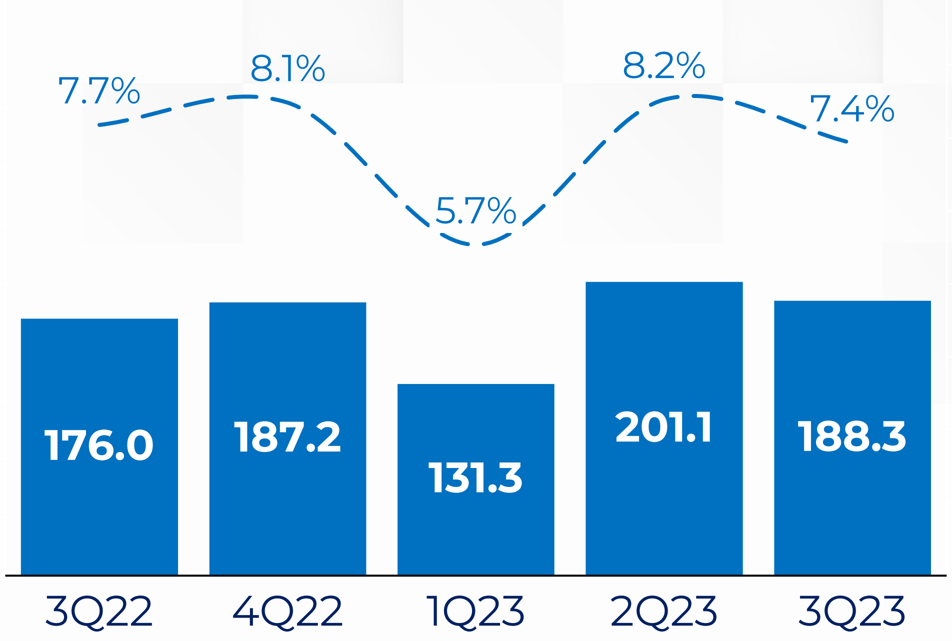


Note: IAS 17 figures adjusted for non-recurring effects.
Consolidated data include Extrafarma results from August 2022 onwards.

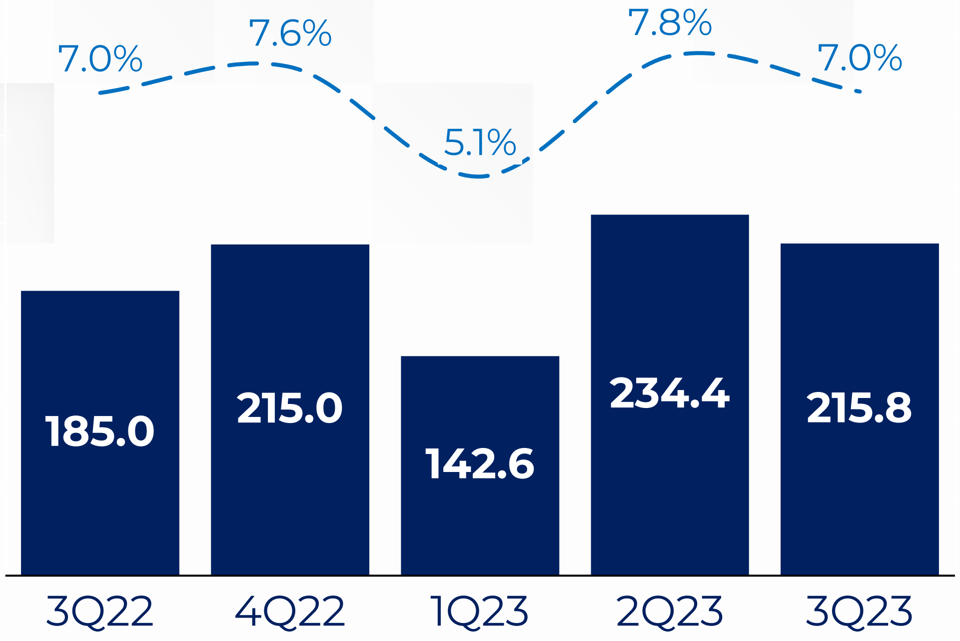
Contribution Margin

Maintenance of consolidated contribution margin, despite gross margin pressure

STANDALONE CONTRIBUTION MARGIN
(BRL million and % Gross Revenue)



CONSOLIDATED CONTRIBUTION MARGIN
(BRL million and % Gross Revenue)

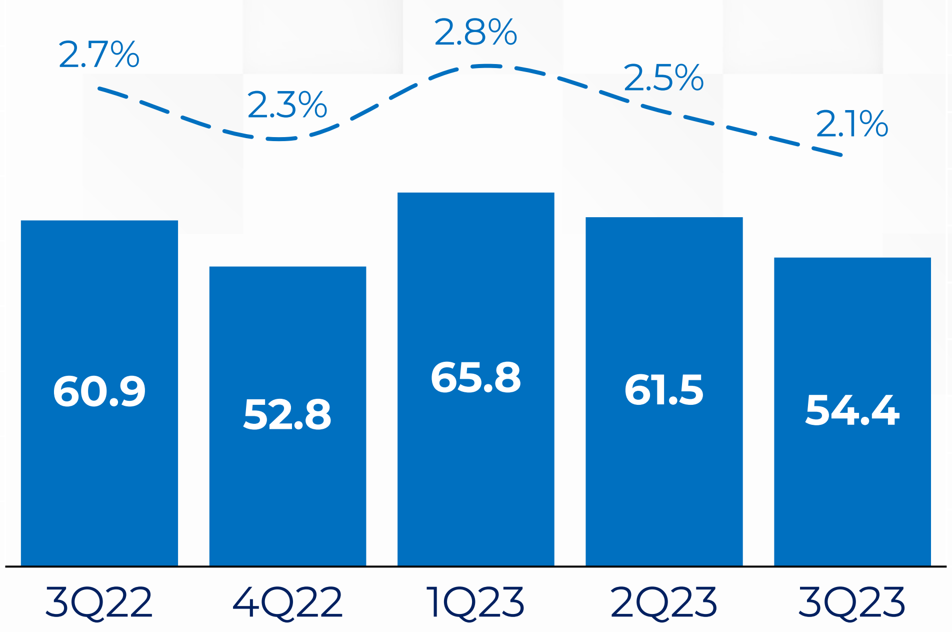


Note: IAS 17 figures adjusted for non-recurring effects.
Consolidated data include Extrafarma results from August 2022 onwards.

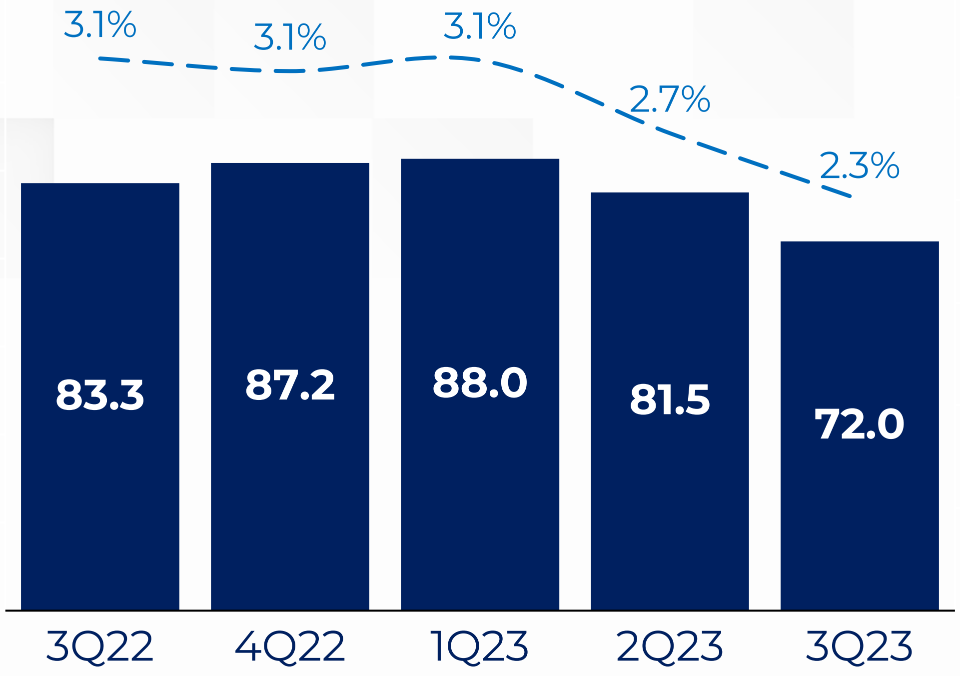
G&A Expenses

Significant dilution, as a result of administrative structure adjustment driven by synergies

STANDALONE G&A EXPENSES
(BRL million and % Gross Revenue)



CONSOLIDATED G&A EXPENSES
(BRL million and % Gross Revenue)

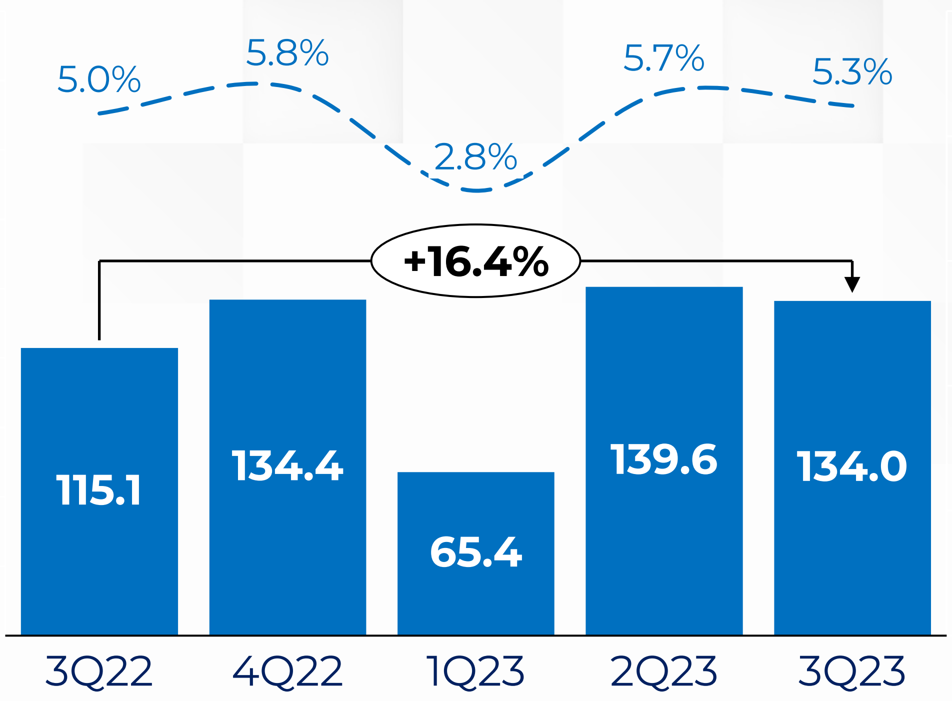


Note: IAS 17 figures adjusted for non-recurring effects.
Consolidated data include Extrafarma results from August 2022 onwards.

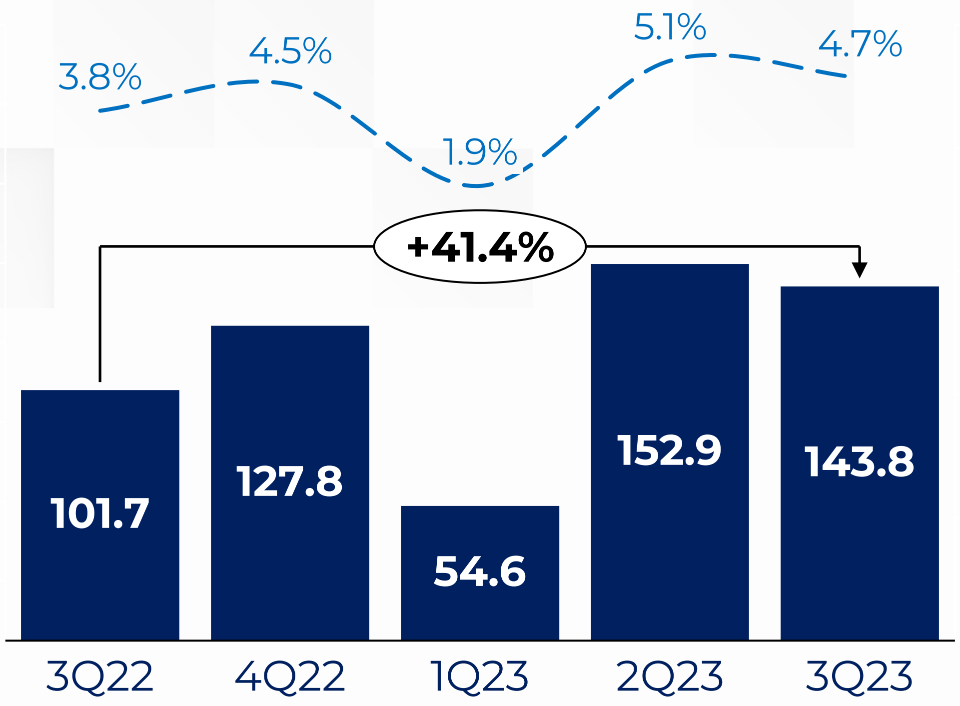
Adjusted EBITDA

Significant growth of 41.4% in consolidated EBITDA and 16.4% in Pague Menos standalone

ADJUSTED STANDALONE EBITDA
(BRL million and % Gross Revenue)



ADJUSTED CONSOLIDATED EBITDA
(BRL million and % Gross Revenue)

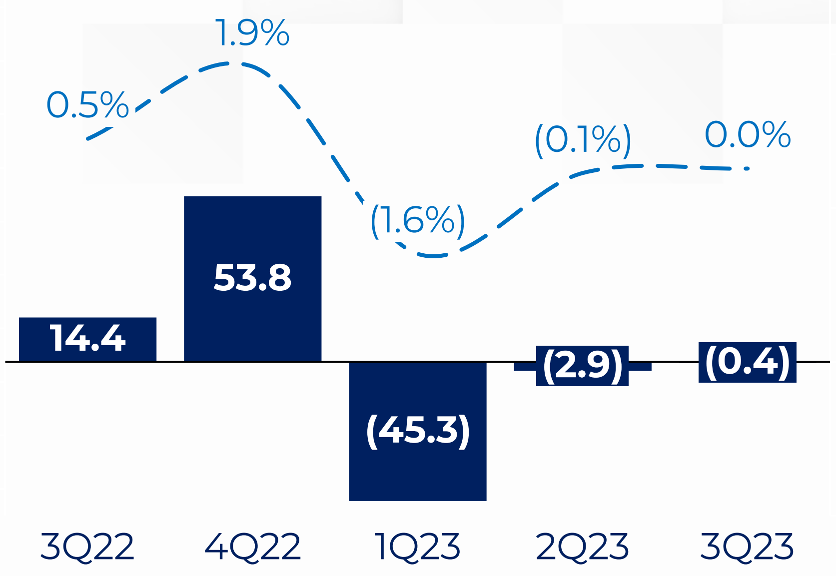


Note: IAS 17 figures adjusted for non-recurring effects.
Consolidated data include Extrafarma results from August 2022 onwards.

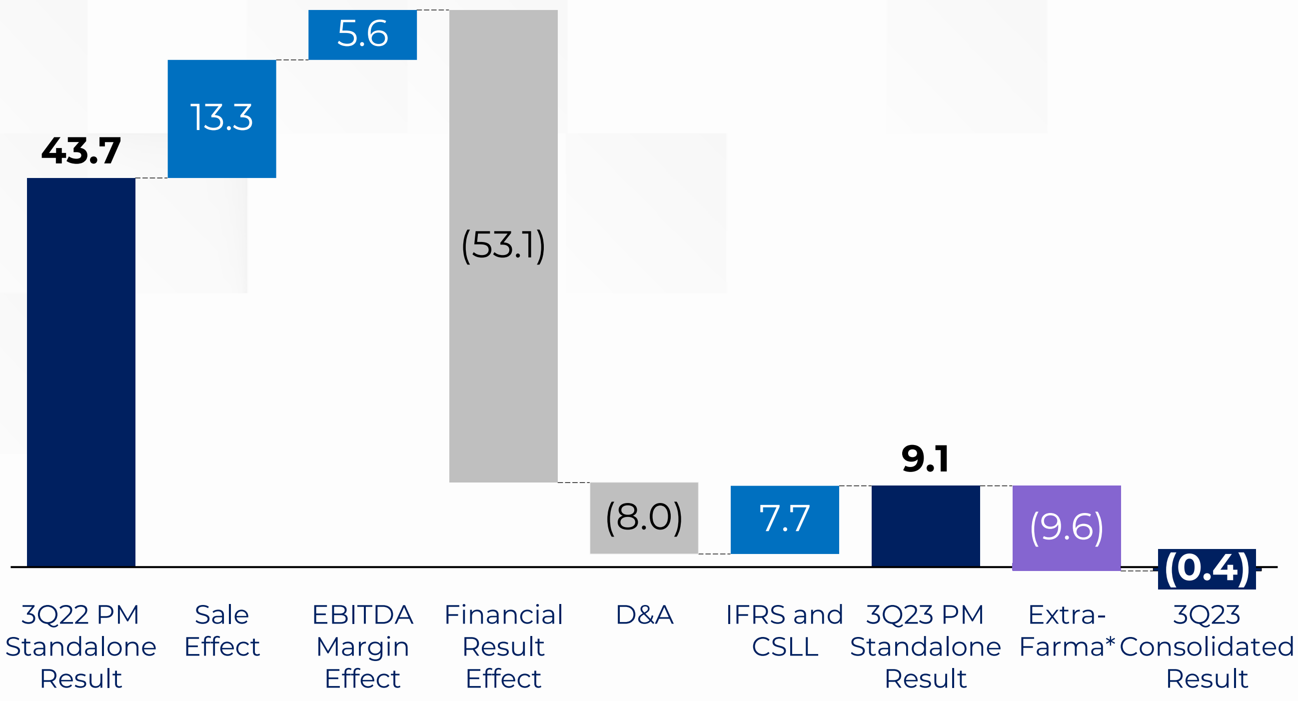
Adjusted Net Income

Despite a strong improvement in EBITDA, net income decreased due to financial expenses

CONSOLIDATED ADJUSTED NET INCOME
(BRL million and % Gross Revenue)



NET INCOME BRIDGE
(BRL million)

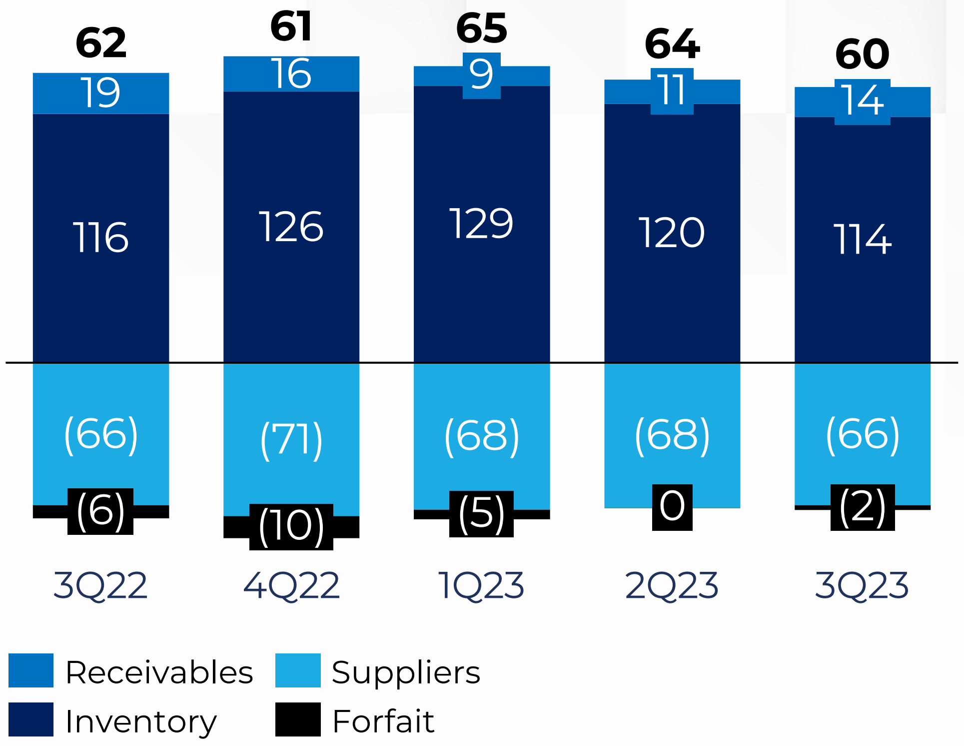


Note: IAS 17 figures adjusted for non-recurring effects.
Consolidated data include Extrafarma results from August 2022 onwards.
* Minority interest included in Extrafarma's results.

Cash Cycle

Finalized normalization of PME and progressing in the normalization of PMR and PMP

CONSOLIDATED CASH CYCLE
(in days of GOGS and days of Gross Revenue)



Receivables

Partial recovery of the discounted receivables balance

Inventories

Normalization of DSI returning to pre-acquisition levels

Suppliers

Balance below the ideal, with normalization expected in 4Q23

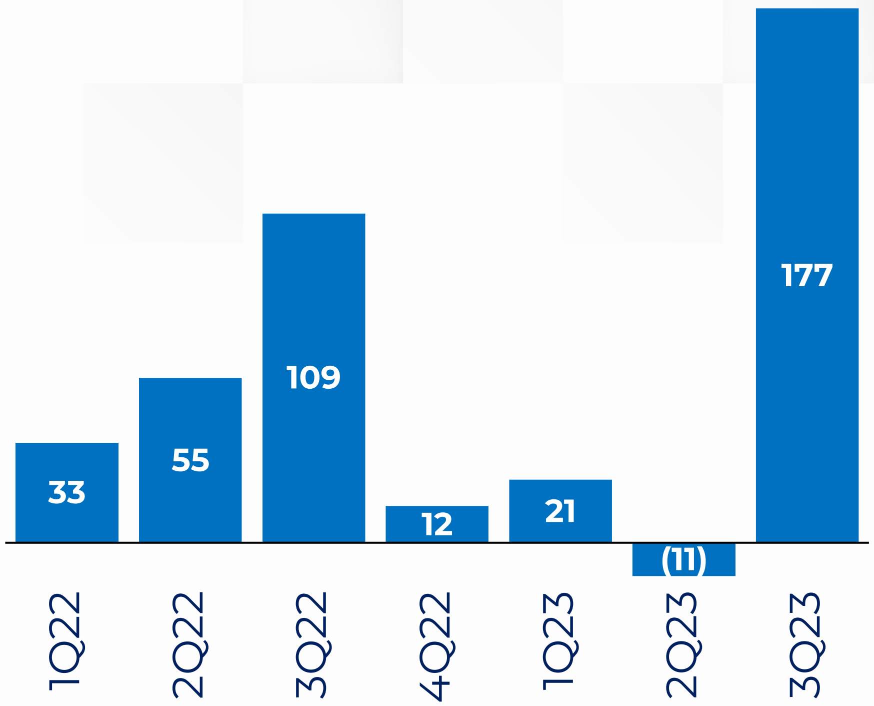
Forfait Operations

Specific supplier-initiated expedited payment transactions

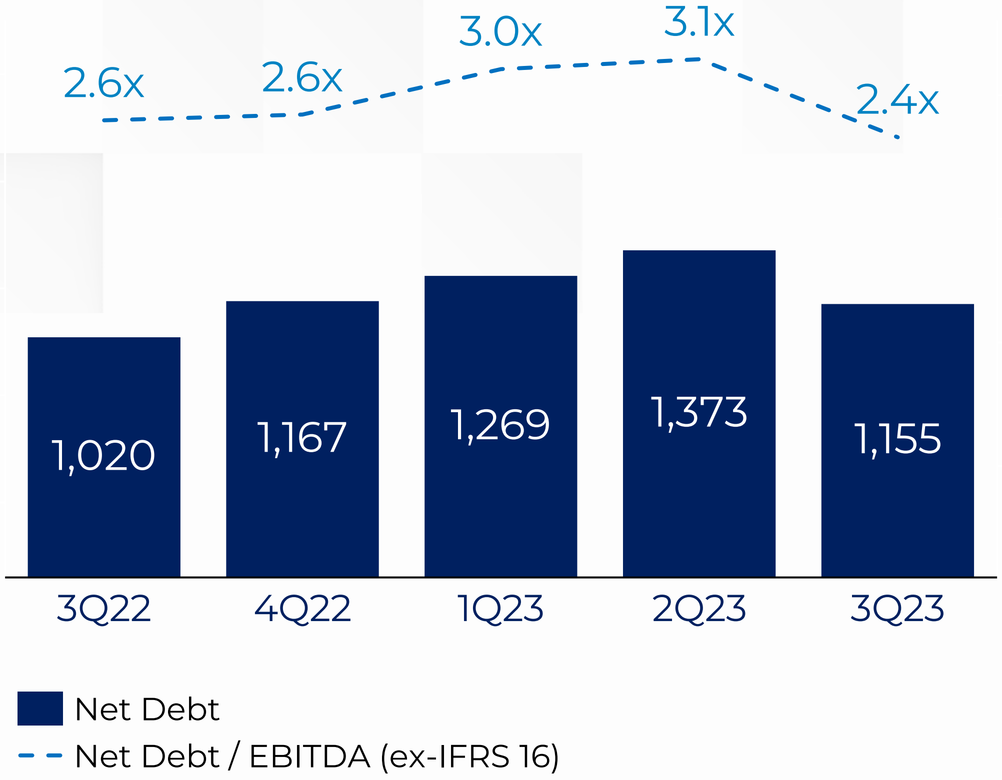
Cash Flow and Indebtedness

Record level of cashflow from operations and significant reduction in financial leverage

CONSOLIDATED CASH FLOW FROM OPERATIONS
(R$ millions)



CONSOLIDATED NET DEBT & LEVERAGE RATIO
(in R$ millions and EBITDA multiple)



Note: IAS 17 figures.
Consolidated data include Extrafarma results from August 2022 onwards.

Extrafarma Integration

José Rafael Vasquez, COO

Transaction Rationale

Revisiting the acquisition rationale, we reinforce our conviction about how this strategic move will be an important driver for value creation

STRATEGIC RATIONALE

Alignment with the strategic expansion plan

Leadership consolidation in the **North and Northeast** regions

Improvement in densification and **omnichannel capillarity**

FINANCIAL RATIONALE

Attractive **valuation**

Relevant potential of **operational synergies**

Projected IRR of the transaction higher than the organic expansion

Integration Plan

PagueMenos extrafarma

Important milestones achieved in one year; projected plan is on track

- TECHNOLOGY INTEGRATION
- LOGISTICS EFFICIENCY
- ORGANIZATIONAL UNIFICATION
- OPERATIONAL CONVERGENCE

AUG/22
- **Kick-Off** mobilizing +25 thousand employees
- **New corporate headquarter** in São Paulo

OCT/22
- **Organizational redesign** – Phase 1
- **Supply transition** – Phase 1 (TO, PE, BA)
- **Expansion** of MA Distribution Center
- **PoS migration** – Pilot (TO)
- **Wholesale** operation termination

NOV/22
- **SAP migration**
- **Supply transition** Phase 2 (PA, AP)

DEC/22
- **Payroll** system migration
- **Commercial conditions** convergence
- **+2 thousand SKUs** activation

JAN/23
- **Supply transition** – Phase 3 (CE, MA, RN, PB)
- **PoS migration** – *Roll-out* 100% of stores

FEB/23
- **Banner conversions** – Pilot (11 stores)

MAR/23
- **Supply transition** – 100% of Distribution Centers

ABR/23
- **Organizational redesign** – Phase 2
- **Store closures** – Phase 1 (15 stores)

JUN/23
- **HR systems migration**

JUN/23
- **1st quarter w/ positive EBITDA** ★

SEP/23
- **Banner conversions** Phase 2 (44 stores)

Next Steps

The critical integration phase is over, now the focus is on operational improvements

Portfolio of stores with new banner conversions and potential closures

Abandoner recovery with marketing and CRM actions

Redefine **assortment, pricing, and inventory** with greater granularity

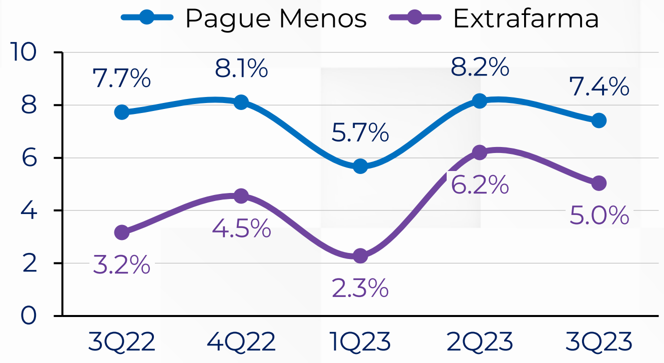
Redefinition and greater integration of **store and supervisory teams**

Dilution of expenses with increased sales and reduction of expenses (e.g. rents)

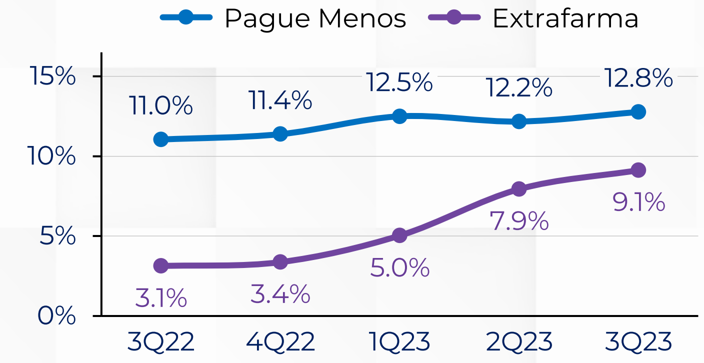
Operational Convergence

Closing the gap between Pague Menos and Extrafarma on important KPIs

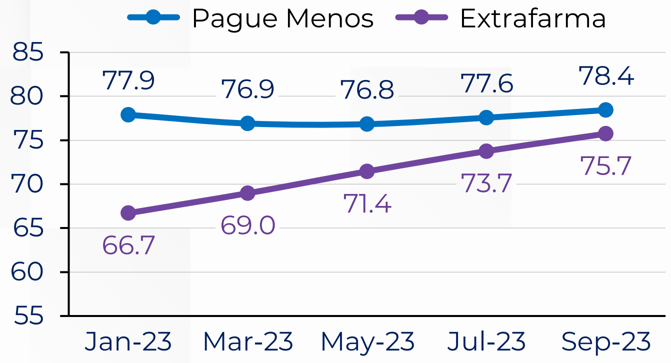
CONTRIBUTION MARGIN
(% of gross revenue – IAS 17)



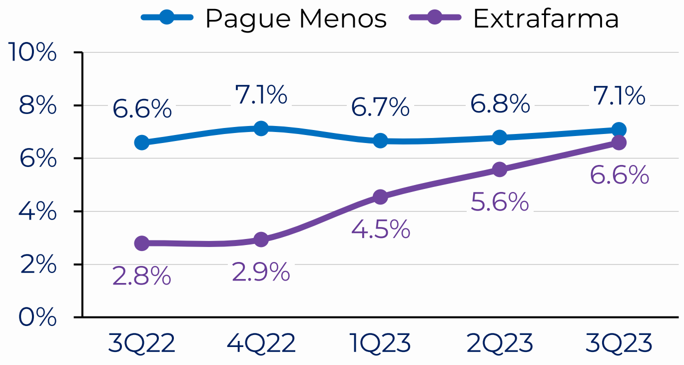
DIGITAL CHANNELS
(% of total sales)



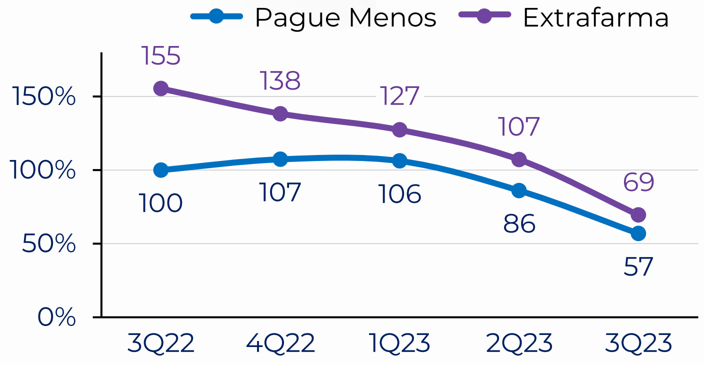
NPS
(customer evaluation)



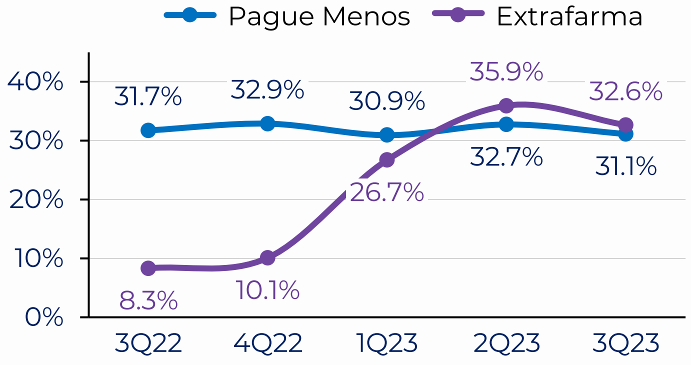
PRIVATE LABEL
(% of total sales)



STOCKOUTS
(Pague Menos 3Q22 = basis 100)



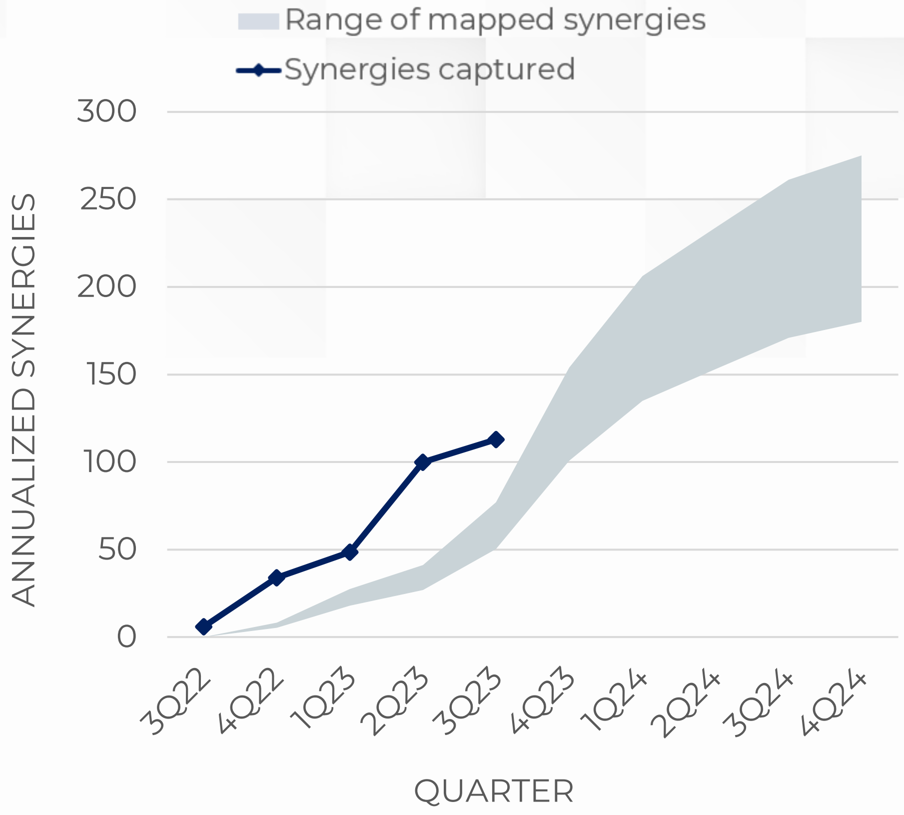
AGREEMENTS & PARTNERSHIPS
(% of total sales)



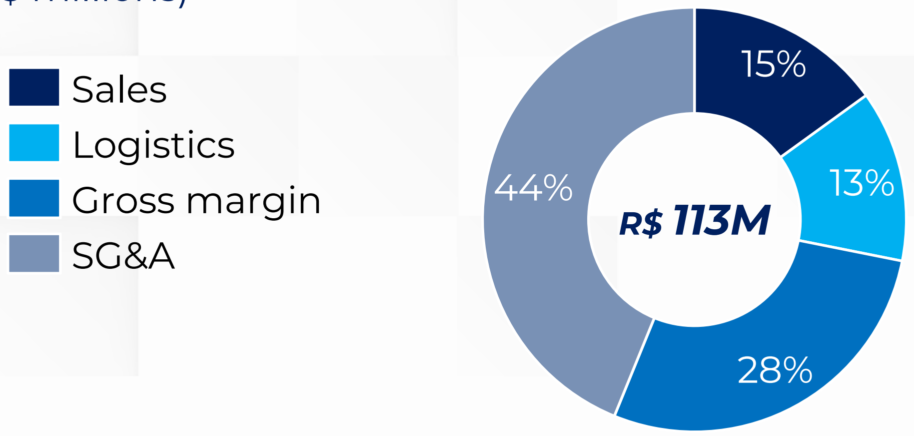
Synergies

Evolution continues above the expectations

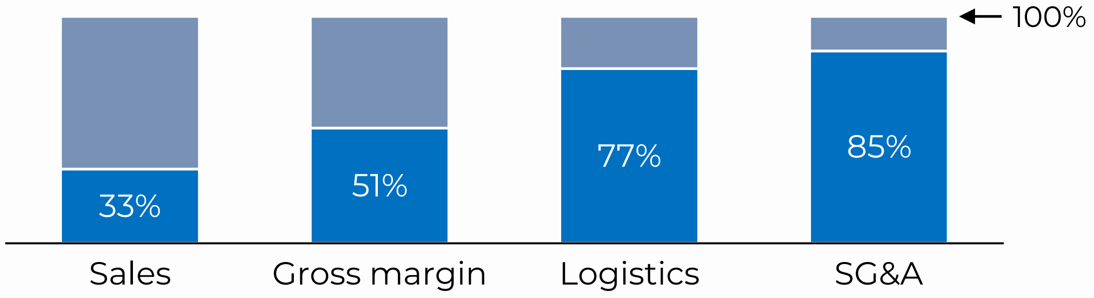
SYNERGIES CAPTURE CURVE
(R$ millions)



SYNERGY DRIVERS
(R$ millions)



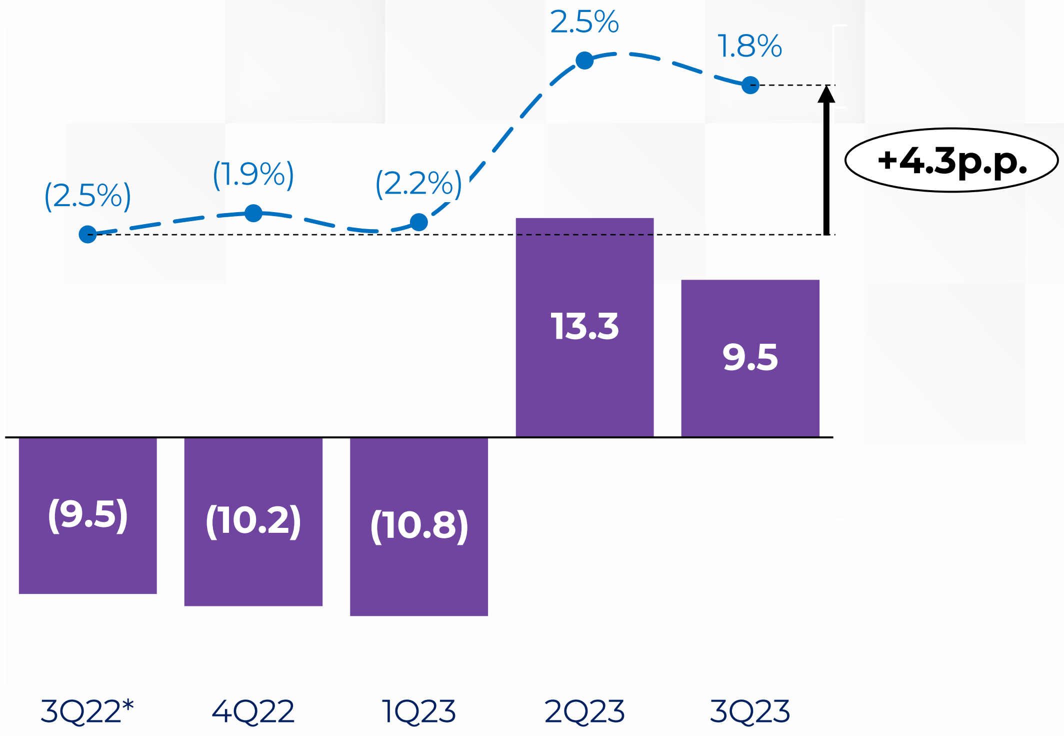
PENDING POTENTIAL TO CAPTURE
(% of full potential mapped)



Extrafarma EBITDA

Negative margins turnaround in only one year

ADJUSTED EBITDA IAS 17
(R$ millions and % of gross revenue)



- **Transitioning from a negative margin scenario to breakeven**, contributing to the cash generation and Company's leverage;
- EBITDA margin reduction in 3Q23 vs 2Q23 is seasonal; normalizing the trend **there is a positive evolution in the asset profitability**

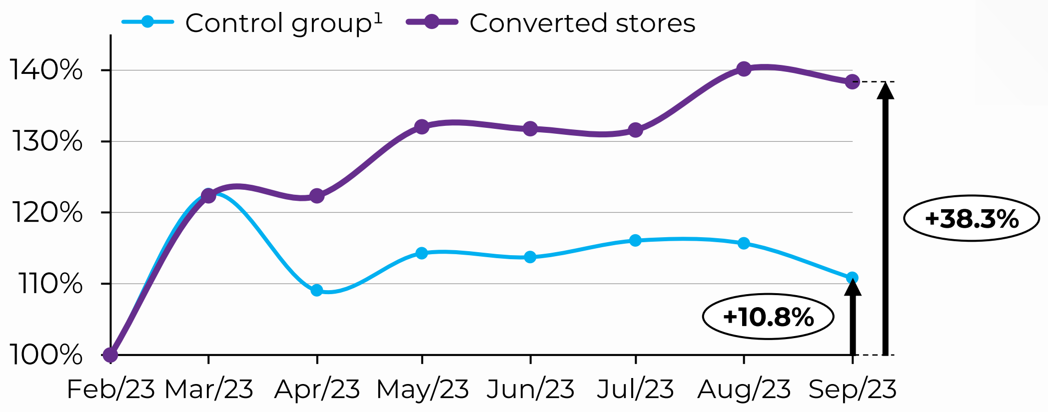
Banner Conversions

Important driver to sales improvement, taking advantage of the Pague Menos brand strength

PILOT

- 11 stores, in January, 2023;
- Selected stores in the states of BA, PE, PB and SP;
- Average investment of R$ 150k/store;
- Promising results, with sales ramp-up almost 4x higher than the control group and limited cannibalization of Pague Menos

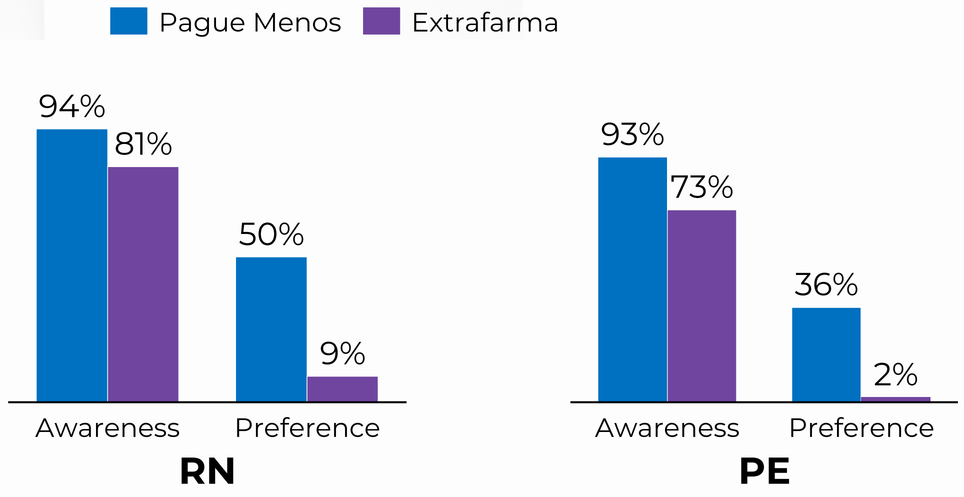
BANNER CONVERSIONS PERFORMANCE
(% variation over February/23 sales)



ROLL-OUT

- 43 conversions, in 4Q23;
- 100% of the stores in RN and PE states;
- Locations where there is the higher strength gap between the brands

BRAND PERCEPTION COMPARISON



¹ Other no-converted stores in the respective states
² Source: market research taken place in 2021

Q&A

PagueMenos

extrafarma

Farmácia oficial da Seleção e da torcida brasileira.

INVESTOR RELATIONS

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